

**REPORT OF THE AUDIT OF THE  
EDMONSON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE EDMONSON COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2002**

The Auditor of Public Accounts has completed the Edmonson County Fiscal Court audit for the fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances increased by \$110,566 from the beginning of the year, resulting in a cash surplus of \$1,880,434 as of June 30, 2002.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2002, was \$1,290,000. Future collections of \$1,988,947 are needed to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$70,205 as of June 30, 2002. Future principal and interest payments of \$74,021 are needed to meet these obligations.

#### **Deposits:**

The Fiscal Court's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable N. E. Reed, Edmonson County Judge/Executive

Members of the Edmonson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Edmonson County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Edmonson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Edmonson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions of Edmonson County, Kentucky as of June 30, 2002 and the revenue received and disbursements paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable N. E. Reed, Edmonson County Judge/Executive  
Members of the Edmonson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2003 on our consideration of Edmonson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Edmonson County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 24, 2003



EDMONSON COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

**Fiscal Court Members:**

N. E. Reed	County Judge/Executive
Margret Skaggs	Deputy County Judge/Executive
Denby Huff	Magistrate
Barry Rich	Magistrate
Mike Salings	Magistrate
Mark Kinser	Magistrate
Arnold D. Graham	Magistrate
Tom Wilkerson	Magistrate

**Other Elected Officials:**

Greg Vincent	County Attorney
Charles Whittinghill	Jailer
Larry Carroll	County Clerk
Sharon French	Circuit Court Clerk
B. J. Honeycutt	Sheriff
Benton Cowles	Property Valuation Administrator
Ed Minyard	Coroner

**Appointed Personnel:**

Betty Ann Bullock	County Treasurer
Margret Skaggs	Finance Officer



STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS



EDMONSON COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	Governmental Fund Types			Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,252,360	\$ 410,715	\$ 230,055	\$ 1,893,130
Notes Receivable (Note 5)	50,967			50,967
Total Assets	\$ 1,303,327	\$ 410,715	\$ 230,055	\$ 1,944,097
<u>Other Resources</u>				
Amounts to be provided For				
In Future Years:				
Capital Leases (Note 5)	\$ 70,205	\$	\$	\$ 70,205
Bonds (Note 4)			1,290,000	1,290,000
Total Other Resources	\$ 70,205	\$ 0	\$ 1,290,000	\$ 1,360,205
Total Assets and Other Resources	<u>\$ 1,373,532</u>	<u>\$ 410,715</u>	<u>\$ 1,520,055</u>	<u>\$ 3,304,302</u>

The accompanying notes are an integral part of the financial statement.

EDMONSON COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2002  
 (Continued)

	Governmental Fund Types			Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Capital Leases (Note 5)	\$ 70,205	\$	\$	\$ 70,205
Bonds:				
Series 1997 (Note 4)			1,290,000	1,290,000
Total Liabilities	\$ 70,205	\$ 0	\$ 1,290,000	\$ 1,360,205
<u>Equity</u>				
Fund Balances:				
Reserved	\$	\$ 87,235	\$ 230,055	\$ 317,290
Unreserved	1,303,327	323,480		1,626,807
Total Equity	\$ 1,303,327	\$ 410,715	\$ 230,055	\$ 1,944,097
Total Liabilities and Equity	\$ 1,373,532	\$ 410,715	\$ 1,520,055	\$ 3,304,302

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

EDMONSON COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,714,050	\$ 1,394,569	\$ 926,575	\$ 33,517
Other Financing Sources:				
Transfers In	346,307	166,307	100,000	80,000
Kentucky Advance Revenue Program	<u>801,600</u>	<u>801,600</u>		
Total Cash Receipts	<u>\$ 3,861,957</u>	<u>\$ 2,362,476</u>	<u>\$ 1,026,575</u>	<u>\$ 113,517</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,444,586	\$ 1,246,873	\$ 786,910	\$ 138,100
Fees	1,112			
Other Financing Uses:				
Transfers Out	346,307	180,000	166,307	
Capital Leases - Principal Paid	49,933	28,632	21,301	
Bonds:				
Principal Paid	35,000			
Interest Paid	72,853			
Kentucky Advance Revenue Program Repaid	<u>801,600</u>	<u>801,600</u>		
Total Cash Disbursements	<u>\$ 3,751,391</u>	<u>\$ 2,257,105</u>	<u>\$ 974,518</u>	<u>\$ 138,100</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 110,566	\$ 105,371	\$ 52,057	\$ (24,583)
Cash Balance - July 1, 2001	<u>1,769,868</u>	<u>421,864</u>	<u>603,074</u>	<u>26,866</u>
Cash Balance - June 30, 2002	<u>\$ 1,880,434</u>	<u>\$ 527,235</u>	<u>\$ 655,131</u>	<u>\$ 2,283</u>



EDMONSON COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2002  
(Continued)

General Fund Types	Special Revenue Fund Types				Debt Service Fund Type
Local Government Economic Assistance Fund	Community Development Block Grant Timber Fund	Room Tax Fund	Parks and Recreation Fund	Tennessee Valley Authority Fund	Public Properties Corporation Fund
\$ 23,248	\$ 4,144	\$ 37,751	\$ 176,998	\$ 2,077	\$ 115,171
<u>\$ 23,248</u>	<u>\$ 4,144</u>	<u>\$ 37,751</u>	<u>\$ 176,998</u>	<u>\$ 2,077</u>	<u>\$ 115,171</u>
\$ 17,294	\$	\$ 37,751	\$ 217,658	\$ 180	\$ 932
					35,000
					72,853
<u>\$ 17,294</u>	<u>\$ 0</u>	<u>\$ 37,751</u>	<u>\$ 217,658</u>	<u>\$ 180</u>	<u>\$ 108,785</u>
\$ 5,954	\$ 4,144	\$ 0	\$ (40,660)	\$ 1,897	\$ 6,386
49,061	55,639		304,357	85,338	223,669
<u>\$ 55,015</u>	<u>\$ 59,783</u>	<u>\$ 0</u>	<u>\$ 263,697</u>	<u>\$ 87,235</u>	<u>\$ 230,055</u>

The accompanying notes are an integral part of the financial statements.

EMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Edmonson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation as part of the reporting entity.

Edmonson County Public Properties Corporation

Fiscal Court has the authority to appoint a voting majority of the Public Properties Corporation's (PPC) Board of Directors. Fiscal Court also has the ability to approve or modify the PPC's budget, approve or modify rate or fee changes affecting revenues, veto, overrule, or modify decisions of the Board of Directors, or otherwise impose its will on the PPC. In addition, Fiscal Court is financially accountable for the PPC, legally entitled to the PPC's resources, as well as legally obligated for the PPC's debt. Financial information for the Public Properties Corporation is blended within Edmonson County's financial statements.

Additional - Edmonson County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Edmonson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Edmonson County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

EDMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Edmonson County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and Local Government Economic Assistance Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Edmonson County Special Revenue Fund Type includes the following county funds: Community Development Block Grant- Timber Fund, Room Tax Fund, Parks and Recreation Fund, and Tennessee Valley Authority Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, deferred revenue, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Edmonson County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

EDMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget (Continued)

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund (Debt Service Fund) because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts and certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Edmonson County Fiscal Court: Edmonson County Industrial Authority, Inc., Edmonson County Ambulance Service, Edmonson County Library, and Edmonson County Recreational Tax Commission.

G. Joint Venture

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Edmonson County-City of Brownsville Planning and Zoning Commission is a joint venture in which Edmonson County is a party.

EDMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

The Edmonson County, Kentucky Public Properties Corporation entered into a bond issue on March 1, 1997, (Edmonson County Kentucky, First Mortgage Revenue Bonds (Courthouse Annex Project), Series 1997) for the purpose of obtaining a portion of the costs of construction of the Courthouse Annex, funding a Debt Reserve, capitalizing interest during construction, and paying the costs of issuance of the bonds. The issue amount of the bonds was \$1,420,000. The Edmonson County Public Properties Corporation and Edmonson County Fiscal Court entered into a lease agreement with the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), in which the AOC will use the courts facility and will lease from the corporation the courts facility. The lease is renewable July 1 for a period of two years. Rental payments are due semiannually on March 1 and September 1 of each year. The interest rate on the bonds is 5.10% to 5.75%. The outstanding balance as of June 30, 2002 was \$1,290,000.

EDMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 4. Long-Term Debt (Continued)

Bonds outstanding of the Public Properties Corporation Fund are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	\$ 71,068	\$ 35,000
2004	69,266	40,000
2005	67,206	40,000
2006	65,146	45,000
2007	62,828	45,000
2008-2012	275,164	270,000
2013-2017	198,460	300,000
2018-2022	110,088	345,000
2023	9,776	170,000
Totals	<u>\$ 929,002</u>	<u>\$ 1,290,000</u>

Note 5. Capital Lease Agreements

A. Trucks

On July 14, 1999, the Edmonson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program. The lease principal amount was for \$16,134. For the fiscal year ended June 30, 2002, the interest rate was 4.28%. The purpose of the lease was to provide funds for financing the purchase of a truck. The termination date of the lease is July 20, 2002.

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	<u>\$ 2</u>	<u>\$ 426</u>

EDMONSON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2002  
(Continued)

Note 5. Capital Lease Agreements (Continued)

B. Office Building

On March 20, 2000, the Edmonson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program. The lease principal amount was for \$85,000. For the fiscal year ended June 30, 2002, the interest rate was 4.28%. The purpose of the lease was to provide funds for financing the renovation of the old post office for the use of the Sheriff's Department. The termination date of the lease is January 20, 2003.

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	\$ 368	\$ 22,258

C. Ambulance

On February 14, 2001, the Edmonson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program. The lease principal amount was for \$62,950. For the fiscal year ended June 30, 2002, the interest rate was 3.89%. The purpose of the lease was to provide funds for financing the purchase of an ambulance. The termination date of the lease is February 20, 2006. The Edmonson County Ambulance Service is currently making the lease payments.

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	\$ 1,581	\$ 12,194
2004	1,112	12,755
2005	622	13,340
2006	131	9,232
	<u>\$ 3,446</u>	<u>\$ 47,521</u>

Note 6. Insurance

For the fiscal year ended June 30, 2002, Edmonson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



EDMONSON COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 2,107,463	\$ 1,394,569	\$ (712,894)
Road and Bridge Fund	919,146	926,575	7,429
Jail Fund	44,300	33,517	(10,783)
Local Government Economic Assistance Fund	15,900	23,248	7,348
<u>Special Revenue Fund Types</u>			
Community Development Block Grant-Timber Fund	1,500	4,144	2,644
Room Tax Fund	49,000	37,751	(11,249)
Parks and Recreation Fund	<u>307,612</u>	<u>176,998</u>	<u>(130,614)</u>
Totals	<u>\$ 3,444,921</u>	<u>\$ 2,596,802</u>	<u>\$ (848,119)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,444,921
Add: Budgeted Prior Year Surplus			635,318
Borrowed Money			1,411,785
Less: Other Financing Uses			<u>(1,461,718)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,030,306</u>

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SCHEDULE OF OPERATING REVENUE



EDMONSON COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	<u>GOVERNMENTAL FUND TYPES</u>			
	Totals (Memorandum Only)	General Fund Types	Special Revenue Fund Types	Debt Service Fund Types
Taxes	\$ 539,211	\$ 501,460	\$ 37,751	\$
In Lieu Tax Payments	108,556	108,556		
Excess Fees	25,049	25,049		
Licenses and Permits	4,181	4,181		
Intergovernmental Revenues	1,740,938	1,516,797	119,960	104,181
Charges for Services	59,569	59,569		
Miscellaneous Revenues	134,069	89,899	44,170	
Interest Earned	102,477	72,398	19,089	10,990
Total Operating Revenue	<u>\$ 2,714,050</u>	<u>\$ 2,377,909</u>	<u>\$ 220,970</u>	<u>\$ 115,171</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



EDMONSON COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

GENERAL FUND TYPES			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,018,732	\$ 823,993	\$ 194,739
Protection to Persons and Property	218,137	214,893	3,244
General Health and Sanitation	391,570	90,524	301,046
Social Services	2,700	2,700	
Recreation and Culture	101,749	95,656	6,093
Roads	983,777	740,344	243,433
Debt Service	377,580	10,680	366,900
Capital Projects	35,665	12,212	23,453
Administration	247,069	198,175	48,894
Total Operating Budget - General Fund Types	\$ 3,376,979	\$ 2,189,177	\$ 1,187,802
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	1,411,785	801,600	610,185
Capital Lease Agreements-			
Principal on Lease	49,933	49,933	
TOTAL BUDGET - GENERAL FUND TYPES	<u>\$ 4,838,697</u>	<u>\$ 3,040,710</u>	<u>\$ 1,797,987</u>
SPECIAL REVENUE FUND TYPES			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Recreation and Culture	\$ 651,827	\$ 255,409	\$ 396,418
Administration	1,500		1,500
Total Operating Budget - Special Revenue Fund Types	<u>\$ 653,327</u>	<u>\$ 255,409</u>	<u>\$ 397,918</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable N. E. Reed, Edmonson County Judge/Executive

Members of the Edmonson County Fiscal Court

**Report On Compliance And On Internal Control**  
**Over Financial Reporting Based On An Audit Of Financial**  
**Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Edmonson County, Kentucky, as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated April 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Edmonson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Edmonson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
April 24, 2003



CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

EDMONSON COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2002

**CERTIFICATION OF COMPLIANCE**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

**EDMONSON COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2002**

The Edmonson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer

